



Arnold Schwarzenegger
Governor

October 6, 2010
22:435:jma:1304

Ms. Doloras Jones, Executive Director
California Institute for Nursing and Health Care
663 13th Street, Suite 300
Oakland, CA 94612

Dear Ms. Jones:

WORKFORCE INVESTMENT ACT
15-PERCENT PROJECT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2010-11

This is to inform you of the results of our review for Program Year (PY) 2010-11 of the California Institute for Nursing and Health Care's (CINHC) administration of its Workforce Investment Act (WIA) Clinical Faculty Development Project, Subgrant Number R974335. This review was conducted by Ms. Alice Cedillo from July 26, 2010 through July 29, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs, cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b) (1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CINHC with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations, financial management, and procurement.

We collected the information for this report through interviews with CINHC representatives. In addition, this report includes the results of our review of the response to Sections I and II of the Program On-Site Monitoring Guide; applicable policies and procedures; and a review of documentation retained by CINHC for a sample of expenditures and procurements.

We received your response to our draft report on October 1, 2010, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

The CINHC was awarded \$250,000 to operate a WIA Clinical Faculty Development Project from June 1, 2009 through December 31, 2010. For the period ending June 2010, CINHC reported that it spent \$161,311.80.

PROGRAM REVIEW RESULTS

While we concluded that, overall, CINHC is meeting applicable WIA requirements concerning grant program administration, we noted an instance of noncompliance in the area of incident reporting. The finding that we identified in this area, our recommendation, and CINHC's proposed resolution of the finding is specified below.

FINDING 1

Requirement: 20 CFR 667.630 states, in part, that information and complaints involving criminal fraud, waste, abuse or other criminal activity must be reported immediately through the Department of Labor's (DOL) Incident Reporting System to the Office of Inspector General (OIG) with a copy simultaneously provided to the Employment and Training Administration (ETA).

WIA Directive (WIAD) 02-3 states, in part, that each subrecipient shall establish appropriate internal program management procedures to prevent and detect fraud, abuse, and criminal activity. These procedures must include a reporting process to ensure that OIG and the Compliance Review Office (CRO) are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity. Internal management procedures must be in writing and include the designation of a person on the subrecipients' staff who will be responsible for such notifications.

Observation: We observed that CINHC has a Fraud Policy located within the Accounting Policies and Procedures Manual; however, it does not include a reporting process to ensure OIG and CRO are notified immediately. CINHC amended their policy and provided a copy of

the amended policy which will be submitted to the Board of Directors in September 2010.

Recommendation: We recommended that CINHC provide CRO a copy of the policy that has been approved by the Board of Directors that includes a reporting process to ensure that OIG and CRO are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity as outlined in the above requirements.

CINHC Response: The CINHC submitted a copy of their policy that was approved by the Board of Directors on September 10, 2010. The policy includes a reporting process to ensure that OIG and CRO are notified immediately of any allegations of WIA-related fraud, abuse, or criminal activity as outlined in the above requirements.

State Conclusion: We consider this finding resolved.

FINANCIAL MANAGEMENT REVIEW RESULTS

We concluded that, overall, CINHC is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

We concluded that, overall, CINHC is meeting applicable WIA requirements concerning procurement.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is CINHC's responsibility to ensure that its systems, programs, and related activities comply with the WIA-related federal regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CINHC's responsibility.

Ms. Doloras Jones

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October 6, 2010

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Priscilla Gonzalez-Leiva, Board of Directors Chair
David Cannedy, MIC 50
Denise Miller, MIC 50